



2601 SR 509 North Frontage Road
Tacoma, Washington 98421

TACOMA PUBLIC UTILITIES

August 15th, 2008

Mr. Richard F. Timmons
President
American Short Line and
Regional Railroad Association
50 F Street, NW, Suite 7020
Washington, D.C. 20001-1536

Dear Mr. Timmons:

I received your letter requesting information regarding Tacoma Rail's service plan for the Surface Transportation Board. Our strategic mission is to deliver the best rail service possible by providing a switching operation that is safe, cost competitive, reliable and efficient. This positions Tacoma Rail as a powerful economic factor in the South Puget Sound Region.

The extent at which Tacoma Rail has been affected by the recent flooding in the Midwest has been minimal. Bunching, due to rerouted trains, and railcar supply shortages make up the majority of impacts.

Tacoma Rail is not expecting any significant changes in current rail volumes for the rest of the year. Per your request, here are the projected monthly averages and performance goals for September 2008 through December 2008:

- Cars-on –line: 1,250
 - Defined as the daily inventory of railcars within Tacoma Rail's possession. This number fluctuates due to customer and Class I dwell.
- Terminal Dwell
 - Tacoma Rail's goal for non-intermodal traffic is to have the railcars spotted at the facility within 24 hours of the request. Typically, this happens well within 16 hours. Intermodal traffic spot and releases happen throughout the day which is coordinated with the Class I and intermodal facilities twice daily on conference calls. Spotting of intermodal railcars could be as little as two hours from Class I interchange.
- Train Speed
 - Train speed is not applicable to Tacoma Rail's Yard Limits operation.

- Trainmen & Engineer Employment Levels
 - Tacoma Rail is not planning for hiring any additional trainmen or engineers. There are a total of 51 trainmen and engineers currently employed.

Tacoma Rail holds a series of customer workshops which are conducted each fall. During these customer workshops, Tacoma Rail outlines current activities and outlines future plans including its operation, finance, technology, track infrastructure and capital outlay for the coming years. Each customer is provided an opportunity to communicate any service issues. They also provide freight forecasts for the upcoming years so the customers' needs may be planned for and met. These workshops are well attended and the exchange of information is invaluable.

Our largest customer, the Port of Tacoma, is our strongest partner. Both Tacoma Rail and the Port of Tacoma jointly plan the design and operating plans of the rail infrastructure. Current plans include the East Blair Waterway intermodal expansion. This project is expected to be active in 2012.

Tacoma Rail and its various partners/customers recognize the need to jointly address service and infrastructure demands in order to be poised for the future. The Pacific Northwest region has become and will continue to be a key player to the nation's railway system fluidity and performance.

Thank you for the opportunity to share how Tacoma Rail has been planning for peak service and infrastructure demands. If you have any questions regarding our planning activities, you may reach me at 253-502-8896.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan Hardy". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

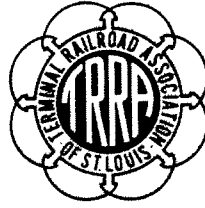
Alan Hardy
Interim Chief Operating Officer

CC: ASLRRRA File

TERMINAL RAILROAD ASSOCIATION OF ST. LOUIS

K. T. PAUBEL
CHIEF FINANCIAL OFFICER

for Bill Broyles



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August 11, 2008

Mr. Richard F. Timmons
President
American Short Line and
Regional Railroad Association
50 F. Street, NW, Suite 7020
Washington, DC 20001-1536

Dear Mr. Timmons:

Please reference your letter concerning railroad service demands during the fall of 2008. The Terminal Railroad Association of St. Louis believes it is in a strong position to handle peak railroad demand this fall.

The recent flooding in the Midwest has not impacted the TRRA adversely. All infrastructure remained intact and TRRA was able to help railroads that were impacted by routing some of their traffic over TRRA lines.

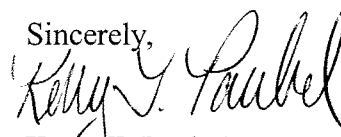
One of the steps we are taking to prepare for the fall peak is migrating our dispatching system to a new platform so that we will be better able to coordinate movements with our Class I owners in moving traffic through the St. Louis gateway. In addition, we are also migrating our hump system to a new platform in order to make our bowl operation more efficient.

Our overall projected performance goals from September through December remain at the high levels that we have achieved thus far through August. We believe we can continue excellent service even if demand exceeds our expectations. Our experienced team has dealt with extremely demanding situations such as that presented by hurricane Katrina in 2005 which has taught us some very good lessons in handling peak demand.

In 2009 we are planning to upgrade 3.4 miles of mainline rail. In addition, we are planning to replace ties and retarders in our Madison Yard bowl. As part of a multi-year program, we are upgrading more switches to dual control switches. All of these improvements should increase velocity through the St. Louis gateway.

Capacity is an issue that we discuss fully with our Class I owners and any needs that we envision are carefully considered by all concerned parties before any action is taken.

If you have any questions, or require any further assistance, please contact me.

Sincerely,

Kerry T. Paubel